



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2009 Biennium

<b>Bill #</b>	HB0688	<b>Title:</b>	Provide an allocation of coal severance taxes to DEQ for certain mines programs
<b>Primary Sponsor:</b>	Olson, Alan	<b>Status:</b>	As Introduced

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns                         |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input checked="" type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$250,000	\$250,000	\$250,000	\$250,000
Federal Special Revenue	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)
<b>Revenue:</b>				
General Fund	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)
State Special Revenue	\$250,000	\$250,000	\$250,000	\$250,000
<b>Net Impact-General Fund Balance:</b>	<u>(\$250,000)</u>	<u>(\$250,000)</u>	<u>(\$250,000)</u>	<u>(\$250,000)</u>

### Description of fiscal impact:

The proposed bill redirects \$250,000 of coal severance tax receipts each year from the general fund to a new state special revenue account. The deposits are to be appropriated by the legislature to the Department of Environmental Quality for the administration and enforcement of coal and uranium mine permitting and reclamation.

### FISCAL ANALYSIS

#### Assumptions:

#### **Department of Environmental Quality (DEQ)**

- Under current law, the general fund receives 26.79% of coal severance tax collections. Proposed law would redirect \$250,000 of this allocation per annum into a new state special revenue account.
- Under proposed law, the general fund loss is \$250,000 each year in FY 2008 through FY 2011.

3. The new state special revenue account could be used by DEQ only for the purpose of administering the Montana Strip and Underground Mine Reclamation Act (coal and uranium prospecting and mining).
4. Historically, administration of the coal portion of these programs has been primarily funded through a federal grant received from the Department of Interior's Office of Surface Mining (OSM), which requires a state match.
5. Federal funding has been relatively flat over the past three fiscal years. Total grant funding for FY 2007 was \$115,650 less than requested.
6. The most recent estimate (Sept. 2006) of the program's anticipated FY 2008 federal grant request totaled \$1,267,004. Due to the continuing resolution scenario of the federal government's budget for Federal FY 2007-State FY 2008, it is assumed that the program will receive the same level of funding that was received in its grant for FY 2007: \$1,023,335. The estimated federal grant shortfall for FY 2008 is therefore \$1,267,004-\$1,023,335 = \$243,669.
7. The department will need coordinating language in the appropriations bill to allow them to switch funds between federal and state special revenue.

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Personal Services	\$0	\$0	\$0	\$0
Operating Expenses	\$0	\$0	\$0	\$0
<b>TOTAL Expenditures</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$250,000	\$250,000	\$250,000	\$250,000
Federal Special Revenue (03)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)
<b>TOTAL Funding of Exp.</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Revenues:</u></b>				
General Fund (01)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)
State Special Revenue (02)	\$250,000	\$250,000	\$250,000	\$250,000
<b>TOTAL Revenues</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)
State Special Revenue (02)	\$0	\$0	\$0	\$0

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Sponsor's Initials\_\_\_\_\_  
Date\_\_\_\_\_  
Budget Director's Initials\_\_\_\_\_  
Date